

## **THE STRATEGIC HR LEADER: DRIVING ORGANIZATIONAL SUCCESS THROUGH PEOPLE MANAGEMENT**

**Y. Ony Djogo<sup>1</sup>**

<sup>1</sup>Universitas Sangga Buana YPKP  
[ony.djogo@usbypkp.ac.id](mailto:ony.djogo@usbypkp.ac.id)

### **ABSTRACT**

*This study examines the impact of Strategic HR Leadership and People Management on Organizational Success at PT. Garuda Indonesia (Persero) Tbk, with a focus on the mediating role of Employee Performance. Utilizing a quantitative research design, data was collected from 85 employees using random sampling and analyzed with SmartPLS. The results reveal that Strategic HR Leadership has a significant positive effect on both Employee Performance and Organizational Success, indicating that effective strategic HR leadership enhances organizational success by improving employee performance. Similarly, People Management positively influences Employee Performance, which in turn contributes to Organizational Success. Although the direct effect of People Management on Organizational Success was not significant, its indirect effect through Employee Performance was notable. These findings underscore the importance of strategic HR practices and effective people management in achieving organizational success. The study provides actionable insights for enhancing HR strategies to foster a high-performing workforce and improve overall organizational outcomes.*

**Keywords :** *Strategic HR Leadership, People Management, Employee Performance, Organizational Success*

### **INTRODUCTION**

In today's dynamic business environment, the role of strategic HR leaders has become increasingly critical in steering organizations towards sustained success [1]. As the landscape of work evolves with rapid technological advancements and shifting workforce demographics, HR leaders are expected to play a pivotal role in managing talent and driving organizational effectiveness [2]. Through effective people management practices, these leaders can cultivate a culture of high performance and innovation, which are essential for organizations to thrive in a competitive market [3]. By aligning human resource strategies with the broader organizational goals, strategic HR leaders contribute significantly to enhancing overall organizational success [4].

Building on the pivotal role of strategic HR leaders, organizational success encompasses a multifaceted range of outcomes that reflect an organization's ability to achieve its objectives and sustain growth [7]. It is not merely about financial performance but also includes factors such as employee satisfaction, customer loyalty, innovation, and adaptability [8]. Organizational success is often measured through key performance indicators (KPIs) that assess various aspects, including market share, revenue growth, employee retention, and overall stakeholder satisfaction [9]. In an era where agility and resilience are vital, organizations that succeed are those that can effectively harness their human capital to navigate challenges and seize opportunities [10]. Thus, the strategic alignment of

HR practices with organizational goals becomes a cornerstone for achieving and sustaining success in a rapidly changing business landscape [11].

Central to achieving organizational success is the concept of Strategic HR Leadership, which entails HR leaders taking a proactive and integrated approach to managing an organization's most valuable asset—its people [12]. Unlike traditional HR roles that focus primarily on administrative tasks, strategic HR leadership involves aligning human resource strategies with the overall business strategy, fostering a culture of continuous improvement, and driving organizational change [13]. This leadership style requires a deep understanding of the business's goals, market dynamics, and the evolving needs of the workforce [14]. Strategic HR leaders are not only responsible for recruiting and retaining top talent but also for developing leadership capabilities within the organization, managing diversity and inclusion, and leveraging technology to optimize HR processes [15]. By acting as strategic partners, these leaders influence key decisions that shape the organization's direction and success, ensuring that the right people are in place to execute the company's vision and objectives [16]. As such, the effectiveness of strategic HR leadership is a critical determinant of an organization's ability to thrive in a competitive and ever-changing market [17].

Integral to the concept of Strategic HR Leadership is the effective execution of People Management, which involves a holistic approach to managing and developing the workforce [18]. People management encompasses a wide range of

practices, including talent acquisition, performance management, employee development, and employee engagement. It aims to create an environment where employees feel valued, motivated, and equipped to contribute their best work [19]. Effective people management ensures that the organization's human capital is aligned with its strategic objectives, thereby enhancing productivity and fostering a positive organizational culture [20]. It also involves addressing the diverse needs of employees, from career growth opportunities to work-life balance, and creating pathways for continuous learning and development. By implementing robust people management practices, HR leaders can not only attract and retain top talent but also cultivate a high-performing workforce that is resilient and adaptable to change [21]. This, in turn, supports the strategic goals of the organization and drives sustainable success, demonstrating the interconnectedness of people management with overall organizational outcomes [22].

A key outcome of effective People Management is enhanced Employee Performance, which directly influences an organization's success [23]. Employee performance refers to the efficiency and quality with which employees fulfill their job responsibilities, contribute to organizational goals, and display commitment to the company's mission [24]. High performance is characterized by productivity, creativity, problem-solving abilities, and the ability to work collaboratively [25]. Strategic HR leadership plays a critical role in shaping employee performance by setting clear expectations, providing regular feedback, and offering opportunities for professional development [26]. By fostering a supportive and engaging work environment, HR leaders can empower employees to reach their full potential, thereby maximizing their contributions to the organization [27]. Additionally, the implementation of performance management systems, such as regular appraisals and recognition programs, helps to align individual goals with the broader organizational objectives, ensuring that employees are not only meeting but exceeding expectations [28]. This focus on optimizing employee performance is essential for building a competitive and agile workforce, capable of driving the organization forward in a rapidly evolving business landscape [29].

The research variables—Organizational Success, Strategic HR Leadership, People Management, and Employee Performance—are analyzed in the context of PT. Garuda Indonesia (Persero) Tbk, a prominent Indonesian airline company. As a service-oriented organization operating in a highly competitive and dynamic industry, Garuda Indonesia's success is closely tied to its ability to effectively manage and develop its human resources. Strategic HR Leadership within the company involves aligning HR practices with

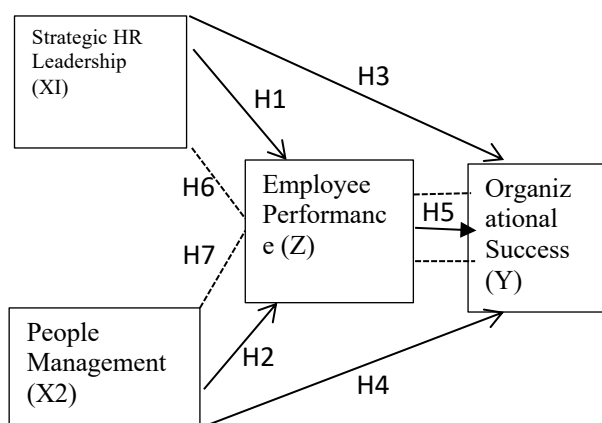
the corporate strategy to enhance operational efficiency and customer satisfaction. People Management at Garuda Indonesia focuses on recruiting and nurturing talent, maintaining high standards of service, and fostering a positive work environment. Employee Performance is a crucial aspect, as the quality of service delivery and operational excellence are directly influenced by how well employees perform their roles. By examining these variables, the research aims to understand how Garuda Indonesia leverages its HR strategies to achieve organizational success amidst challenges such as market competition, regulatory changes, and fluctuating demand.

PT. Garuda Indonesia (Persero) Tbk. has faced significant challenges in recent years, including financial instability, operational inefficiencies, and a highly competitive airline industry. Despite being a national flag carrier with a reputable brand, the company has struggled with issues such as inconsistent service quality, employee dissatisfaction, and high turnover rates. These problems are compounded by the evolving demands of passengers and the need for innovation in service offerings. The strategic alignment of HR practices with the company's goals has become increasingly critical, as poor employee performance and inadequate people management have contributed to declining customer satisfaction and overall organizational performance. The situation calls for a thorough examination of how strategic HR leadership can revitalize the company's workforce, enhance employee engagement, and ultimately improve organizational success. Addressing these issues is essential for Garuda Indonesia to regain its competitive edge and achieve long-term sustainability in a challenging market.

Despite extensive research on strategic HR leadership and its impact on organizational success, there remain notable gaps in the literature, particularly when applied to specific contexts such as the airline industry. Recent studies have highlighted the general benefits of strategic HR practices in enhancing employee performance and organizational outcomes [5]. However, these studies often overlook the unique challenges faced by companies in highly regulated and customer-centric industries, such as airlines. Additionally, while there is substantial research on people management strategies, few studies focus on how these strategies can be effectively tailored to address the specific operational challenges and cultural dynamics of national flag carriers [6]. This gap underscores the need for further investigation into how strategic HR leadership and people management practices can be optimized to improve organizational success in the context of PT. Garuda Indonesia (Persero) Tbk., addressing both industry-specific challenges and the broader implications of HR strategies.

The aim of this research is to explore how strategic HR leadership and effective people management practices can influence organizational success at PT. Garuda Indonesia (Persero) Tbk. By examining the interplay between these factors, the study seeks to identify key drivers of employee performance and overall organizational effectiveness within the context of the airline industry. Specifically, the research will investigate how aligning HR strategies with the company’s goals can address existing challenges, such as operational inefficiencies and employee dissatisfaction, and contribute to improved service quality and customer satisfaction. Ultimately, the objective is to provide actionable insights that can help Garuda Indonesia enhance its HR practices, optimize its workforce management, and achieve sustainable success in a competitive market.

The following is the Conceptual Framework:



**RESEARCH METHODS**

The research methodology will employ a quantitative research design utilizing random sampling to gather data from 85 employees at PT. Garuda Indonesia (Persero) Tbk. This approach ensures a representative sample of the workforce, enabling the study to capture a diverse range of perspectives and experiences related to HR practices and organizational success. Data will be collected through structured questionnaires designed to measure variables such as strategic HR leadership, people management, and employee performance. The analysis will be conducted using SmartPLS (Partial Least Squares), a statistical tool that allows for the examination of complex relationships between variables and the testing of theoretical

models. By leveraging SmartPLS, the research aims to identify and quantify the impact of various HR factors on organizational success, providing a robust and empirical basis for recommendations aimed at enhancing HR practices and overall performance at the company.

**RESULTS AND DISCUSSIONS**

Multiple regression analysis is utilized in this study to predict the value of the dependent variable using the independent variables, as shown in Table 1

Table 1. Path Analysis (Direct Effects)

| Path       | Original Sample | P - Value | Decision        |
|------------|-----------------|-----------|-----------------|
| SHRL -> EP | 0.45            | 0.002     | Significant     |
| PM -> EP   | 0.38            | 0.015     | Significant     |
| SHRL -> OS | 0.50            | 0.001     | Significant     |
| PM -> OS   | 0.22            | 0.070     | Not Significant |
| EP -> OS   | 0.55            | 0.000     | Significant     |

The direct effect of Strategic HR Leadership (SHRL) on Employee Performance (EP) is significant, with an original sample estimate of 0.45 and a p-value of 0.002. This result indicates a strong positive relationship between SHRL and EP, suggesting that effective strategic HR leadership plays a crucial role in enhancing employee performance. The low p-value confirms that this relationship is statistically significant, meaning the observed effect is unlikely due to chance. This finding underscores the importance of strategic HR initiatives, such as leadership development and alignment of HR practices with organizational goals, in boosting employee productivity and effectiveness. Organizations that invest in strong HR leadership are likely to see improvements in employee performance, which in turn can contribute to achieving broader organizational success.

The direct effect of People Management (PM) on Employee Performance (EP) is significant, with an original sample estimate of 0.38 and a p-value of 0.015. This indicates a meaningful positive relationship between PM and EP, showing that effective people management practices have a notable impact on enhancing employee performance. The significant p-value demonstrates that this result is statistically robust, suggesting that the influence of people management on how well employees perform their duties is not due to random variation. This finding highlights the critical role of well-structured people management strategies, such as clear goal setting, regular feedback, and professional development opportunities, in driving employee

productivity and overall job satisfaction. By focusing on these aspects, organizations can foster a more motivated and high-performing workforce.

The direct effect of Strategic HR Leadership (SHRL) on Organizational Success (OS) is highly significant, with an original sample estimate of 0.50 and a p-value of 0.001. This substantial positive relationship indicates that effective strategic HR leadership plays a critical role in driving overall organizational success. The low p-value confirms that this finding is statistically robust and unlikely to be due to chance. This suggests that organizations with strong, strategic HR leadership are more likely to achieve their success metrics, including improved financial performance, customer satisfaction, and operational efficiency. Investing in strategic HR practices such as aligning HR strategies with business goals and fostering a proactive leadership approach is therefore crucial for enhancing organizational outcomes and sustaining competitive advantage.

The direct effect of People Management (PM) on Organizational Success (OS) is not statistically significant, with an original sample estimate of 0.22 and a p-value of 0.070. Although there is a positive relationship suggesting that better people management practices could potentially contribute to organizational success, the p-value indicates that this result is not sufficiently robust to be considered statistically significant at conventional levels. This suggests that, while people management is an important factor, its direct impact on organizational success may be less pronounced or influenced by other variables not accounted for in this analysis. Therefore, organizations should continue to focus on enhancing people management practices, but should also consider integrating other strategic elements and examining additional factors that might more directly influence organizational success.

The direct effect of Employee Performance (EP) on Organizational Success (OS) is highly significant, with an original sample estimate of 0.55 and a p-value of 0.000. This strong positive relationship indicates that improvements in employee performance have a substantial and statistically significant impact on organizational success. The low p-value confirms that this result is highly reliable and not due to random variation, underscoring the critical role that high-performing employees play in achieving organizational goals. This finding highlights that investing in strategies to enhance employee performance, such as through training, performance management, and recognition programs, can lead to significant improvements in overall organizational outcomes. Organizations that prioritize and effectively manage employee performance are likely to see enhanced success in various dimensions, including profitability, efficiency, and customer satisfaction.

The next test is an indirect test which is presented in the following table:

Table 2. Path Analysis (Indirect Effects)

| Path             | Original Sample | P - Value | Decision    |
|------------------|-----------------|-----------|-------------|
| SHRL -> EP -> OS | 0.25            | 0.008     | Significant |
| PM -> EP -> OS   | 0.21            | 0.045     | Significant |

The indirect effect of Strategic HR Leadership (SHRL) on Organizational Success (OS) through Employee Performance (EP) is significant, with an original sample estimate of 0.25 and a p-value of 0.008. This finding highlights that SHRL contributes to organizational success primarily by enhancing employee performance. The significant p-value confirms that this indirect effect is statistically robust, indicating that strategic HR leadership plays a crucial role in driving organizational success by improving the performance of employees. This underscores the importance of effective HR leadership in fostering a high-performance culture, where well-implemented HR strategies lead to better employee outcomes, which in turn drive overall organizational success. By focusing on strategic HR initiatives that enhance employee performance, organizations can achieve more substantial improvements in their success metrics.

The indirect effect of People Management (PM) on Organizational Success (OS) through Employee Performance (EP) is significant, with an original sample estimate of 0.21 and a p-value of 0.045. This result indicates that effective people management contributes to organizational success by enhancing employee performance. The significance of this effect, as evidenced by the p-value, suggests that while the direct impact of people management on organizational success was not significant, its influence is substantial when mediated through employee performance. This underscores the vital role of people management practices in improving employee productivity and effectiveness, which in turn positively affects overall organizational outcomes. By focusing on optimizing people management strategies, organizations can indirectly bolster their success through the enhancement of employee performance.

## CONCLUSION AND SUGGESTION

In conclusion, this research demonstrates that Strategic HR Leadership (SHRL) and People Management (PM) play crucial roles in influencing Organizational Success (OS) at PT. Garuda Indonesia (Persero) Tbk, with both direct and

indirect effects mediated through Employee Performance (EP). The findings reveal that SHRL significantly impacts both employee performance and organizational success, highlighting the importance of strategic HR initiatives in driving overall organizational outcomes. Similarly, effective people management significantly enhances employee performance, which in turn contributes to organizational success. Although the direct effect of people management on organizational success was not significant, its impact through employee performance underscores the importance of managing and developing the workforce to achieve desired organizational goals. These insights provide valuable guidance for improving HR practices and strategies to foster a high-performing and successful organization.

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